

Fiscal Note Request HB0750, As Introduced

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- a federal waiver. If a federal waiver is denied, the department shall implement the program using available state funds.
7. The bill also provides under Section 5, Subsection (4) states: “If the federal government provides any coverage of prescription drugs and pharmaceutical services for senior citizens who are eligible to participate in the program pursuant to subsections (1) through (3), the department may, within the limits of the money available for this purpose in the account, provide assistance with prescription drugs and pharmaceutical services for senior citizens under the federal program.”
 8. In December 2003, The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA), was signed in to law by President George W. Bush. MMA implements a federal program for the coverage prescription drugs for senior citizens who are eligible to participate in the Montana Gold program pursuant to subsections (1) through (3).
 9. MMA provides for coverage of Montana senior citizens via a Drug Discount Card benefit through December 2005, and new Part D prescription drug benefit effective January 1, 2006.
 10. Under the provisions of MMA, the Montana Gold program is not eligible for federal Medicaid funding under a waiver. With the implementation of MMA, the federal government is no longer authorizing Medicaid Pharmacy Plus waivers for the provision of pharmaceutical benefits to senior citizens.
 11. Section 5, Subsection (6) states: “The provisions of subsections (1) through (3) do not apply if the department provides assistance with prescription drugs and pharmaceutical services for senior citizens pursuant to subsection (4).”
 12. Due to the comprehensive structure of the Federal prescription drug benefit and the estimated cost structure outlined in MMA Part D benefit, the DPHHS will invoke the provision under Section 5, Subsection (4) “the department may, within the limits of the money available for this purpose in the account, provide assistance with prescription drugs and pharmaceutical services for senior citizens under the federal program.” Therefore, provisions of Section 5, Subsections (1) through (3) do not apply.
 13. Assistance under the federal program would include payment of the monthly premiums under Part D for senior citizens up to 200 percent of the FPL. Depending on the funding available this assistance could also include payment of the \$250 deductible for beneficiaries between 150 percent and 200 percent FPL or the \$50 deductible for beneficiaries between 135 percent and 150 percent FPL.
 14. Annual premiums under Part D are estimated to be \$35.00 per month (\$420.00 annually).
 15. It is estimated that there are 28,338 people up to 200 percent of FPL and not eligible for Medicaid.
 16. For purposes of this fiscal note, and to live within the available funding, it is assumed that approximately 17,208 in FY 2006 and 17,206 in FY 2007 of these people would participate in the program each year.
 17. The cost of the annual Part D premium is \$35 per month per individual. With the January 1, 2006 start date, it is estimated that the annual premium for Part D will be \$210 for FY 2006 and \$420 for FY 2007 (\$35 x 6; \$35 x 12).
 18. Annual premium costs will be \$3,613,680 in FY 2006 and \$7,226,520 in FY 2007 (17,208 x \$210; 17,206 x \$420).
 19. It is assumed that the DPHHS will provide up to \$200 deductible assistance per participant in FY 2006. It is assumed that this will cost \$3,441,600 (17,208 x \$200).
 20. To enroll eligible Montanans, systems will need to be modified for the eligibility requirements. It is estimated that it will require 1,500 hours of programming time to perform the eligibility on-line at a cost of \$102 per hour. The total cost is estimated to be \$153,000 (\$102 x 1,500 hours).
 21. Because the system enhancements will be required to be functional by January 1, 2006, the DPHHS is requesting 50 percent of the expenditures, \$76,500, to be appropriated in FY 2005 and the remainder in FY 2006.
 22. It is assumed that DPPHS will hire 6.00 FTE, two grade 16 (1-program officer and 1-financial specialist) for program development and management, one grade 15 to perform outreach responsibilities, and three

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(continued)

grade 13 eligibility technicians for determinations. It is estimated that the personal services costs will be \$240,397 in FY 2006 and \$240,397 in FY 2007.

- a. 1.00 FTE grade 16 program officer - \$45,404 per year
- b. 1.00 FTE grade 16 financial specialist - \$45,404 per year
- c. 1.00 FTE grade 15 outreach officer - \$41,889 per year
- d. 3.00 FTE grade 13 eligibility officers- \$107,700 per year

23. The administrative costs are estimated to be \$40,531 in FY 2006 and \$22,675 in FY 2007.

- a. FY 2006 \$17,856 + \$6,750 + \$5,925 + \$10,000 = \$40,531
 - i. New employee office and computer equipment package - \$17,856
 - ii. Trips for outreach and other pharmacy related items - \$6,750
 - iii. General operating expenses (rent, phones, etc.) = \$5,925
 - iv. Education materials - \$10,000
- b. FY 2007 \$6,750 + \$5,925 + \$10,000 = \$22,675
 - i. Trips for outreach and other pharmacy related items - \$6,750
 - ii. General operating expenses (rent, phones, etc.) = \$5,925
 - iii. Education materials - \$10,000

24. It is estimated that it will cost \$10,296 in FY 2006 and FY 2007 for SABHRS processing of premium checks to Prescription Drug Plans (\$0.60 x 17,160).

FISCAL IMPACT:

	<u>FY2005 Difference</u>	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
FTE		6.00	6.00
<u>Expenditures:</u>			
Personal Services		\$240,397	\$240,397
Operating Expenses	\$76,500	\$127,327	\$32,971
Benefits		<u>\$7,055,280</u>	<u>\$7,226,520</u>
TOTAL	\$76,500	\$7,423,004	\$7,499,888
<u>Funding of Expenditures:</u>			
State Special Revenue (02)	\$76,500	\$7,423,004	\$7,499,888
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>			
State Special Revenue (02)	(\$76,500)	(\$7,423,004)	(\$7,499,888)

TECHNICAL NOTES:

1. The language of Section 5(5), directing the DPHHS to seek waivers for purposes of federal financial participation, is inadequate authority. In order to implement a program based upon the provisions of a federal waiver, the provision would need to express the particular waiver or waivers to be sought and provide further details of implementation. If the intent is to rely upon a Section 1115 waiver, then this bill needs to be amended to provide a statement expressing the use of a Section 1115 waiver and a cross-reference to SB 110 which upon enactment will provide detailed authority to the DPHHS for implementation of 1115 waivers. In the absence of enactment of SB 110, then there would need to be more detailed amendments added to this bill.

Fiscal Note Request HB0750, As Introduced

(continued)

2. The rule making authority appearing in Section 3(1) may not be adequate in its specificity for purposes of implementation of the program. It should be amended to expressly provide that rules may be adopted for purposes of providing procedures and criteria for coverage, eligibility, enrollment, and other necessary aspects of implementation, inclusive of any measures necessary for purposes of implementation in accordance with federal authorities and the terms and conditions of federal approval of any federal waiver that is obtained.